



General Assembly

Amendment

February Session, 2024

LCO No. 4164



Offered by:

REP. DOUCETTE, 13th Dist.

REP. DELNICKI, 14th Dist.

To: Subst. House Bill No. 5142

File No. 200

Cal. No. 151

"AN ACT CONCERNING CONSUMER CREDIT, CERTAIN BANK REAL ESTATE IMPROVEMENTS, THE CONNECTICUT UNIFORM SECURITIES ACT, SHARED APPRECIATION AGREEMENTS, INNOVATION BANKS, THE COMMUNITY BANK AND COMMUNITY CREDIT UNION PROGRAM AND TECHNICAL REVISIONS TO THE BANKING STATUTES."

1 Strike section 19 in its entirety and insert the following in lieu thereof:

2 "Sec. 19. Section 36a-846 of the 2024 supplement to the general
3 statutes is repealed and the following is substituted in lieu thereof
4 (*Effective October 1, 2024*):

5 As used in this section and sections 36a-847 to 36a-855, inclusive:

6 (1) "Advertise" or "advertising" has the same meaning as provided in
7 section 36a-485;

8 (2) "Branch office" means a location other than the main office at
9 which a licensee or any person on behalf of a licensee acts as a student
10 loan servicer;

11 (3) "Consumer report" has the same meaning as provided in Section
12 603(d) of the Fair Credit Reporting Act, 15 USC [L] 1681a, as amended
13 from time to time;

14 (4) "Control person" has the same meaning as provided in section 36a-
15 485;

16 (5) "Cosigner" has the same meaning as provided in 15 USC 1650(a),
17 as amended from time to time;

18 (6) "Federal student education loan" means any student education
19 loan (A) (i) made pursuant to the William D. Ford Federal Direct Loan
20 Program, 20 USC 1087a, et seq., as amended from time to time, or (ii)
21 purchased by the United States Department of Education pursuant to 20
22 USC 1087i-1(a), as amended from time to time, and (B) owned by the
23 United States Department of Education;

24 (7) "Federal student loan servicer" means any student loan servicer
25 responsible for the servicing of a federal student education loan to a
26 student loan borrower pursuant to a contract awarded by the United
27 States Department of Education under 20 USC 1087f, as amended from
28 time to time;

29 (8) "Main office" has the same meaning as provided in section 36a-
30 485;

31 (9) "Private education lender" has the same meaning as provided in
32 section 36a-856;

33 (10) "Private education loan creditor" has the same meaning as
34 provided in section 36a-856;

35 ~~[(9)]~~ (11) "Private student education loan" means any student
36 education loan that is not a federal student education loan;

37 ~~[(10)]~~ (12) "Private student education loan servicer" means any
38 student loan servicer responsible for the servicing of a private student
39 education loan to a student loan borrower;

40 [(11)] (13) "Student loan borrower" means any individual who resides
41 within this state who has agreed to repay a student education loan;

42 [(12)] (14) "Student loan servicer" means any person, wherever
43 located, responsible for the servicing of any student education loan to
44 any student loan borrower;

45 [(13)] (15) "Servicing" means (A) receiving any [scheduled periodic]
46 payments from a student loan borrower pursuant to the terms of a
47 student education loan, [;] (B) applying the payments of principal and
48 interest and such other payments with respect to the amounts received
49 from a student loan borrower, as may be required pursuant to the terms
50 of a student education loan, [;] (C) maintaining account records for and
51 communicating with the student loan borrower concerning the student
52 education loan during the period when no [scheduled periodic]
53 payments are required, [;] (D) interacting with a student loan borrower
54 for purposes of facilitating the servicing of a student education loan,
55 including, but not limited to, assisting a student loan borrower to
56 prevent such borrower from defaulting on obligations arising from the
57 student education loan, [;] or (E) performing other administrative
58 services with respect to a student education loan;

59 [(14)] (16) "Student education loan" means any loan primarily for
60 personal use to finance education or other school-related expenses; and

61 [(15)] (17) "Unique identifier" has the same meaning as provided in
62 section 36a-485."

63 Strike section 25 in its entirety and insert the following in lieu thereof:

64 "Sec. 25. (NEW) (*Effective October 1, 2024*) Any mortgage lender, as
65 defined in section 36a-485 of the general statutes, that offers to make a
66 shared appreciation agreement, as defined in section 36a-485 of the
67 general statutes, shall, not later than three business days after the
68 prospective borrower under such proposed agreement submits an
69 application to such mortgage lender for such proposed agreement,
70 disclose to such prospective borrower, in writing:

71 (1) The following statement, which shall be clear, conspicuous and in
72 at least twelve-point font: "You are not required to complete this
73 agreement merely because you have received these disclosures or have
74 signed a loan application. If you obtain this loan, the lender will have a
75 mortgage and shared interest in your home. You could lose your home,
76 and any money you have put into it, if you do not meet your obligations
77 under the loan. You may wish to consult an attorney.";

78 (2) Financial information relevant to the proposed shared
79 appreciation agreement, including, but not limited to, whether such
80 proposed agreement is terminated through repayment, which
81 repayment may include the mortgage lender's receipt of some or all of
82 the proceeds from a sale of the dwelling or residential real estate that is
83 the subject of such proposed agreement if such proposed agreement is
84 terminated by such sale;

85 (3) Agreement and transaction details for the proposed shared
86 appreciation agreement, including, but not limited to, the mortgage
87 lender's contact information, the transaction amount, the sum of cash to
88 be paid to the prospective borrower, the starting value for appreciation
89 sharing, the term of the proposed agreement and the estimated current
90 fair market value of the dwelling or residential real estate that is the
91 subject of such proposed agreement;

92 (4) The method of determining the current fair market value of the
93 dwelling or residential real estate that is the subject of the proposed
94 shared appreciation agreement;

95 (5) The method of determining the final value of the dwelling or
96 residential real estate that is the subject of the proposed shared
97 appreciation agreement upon termination of such proposed agreement;

98 (6) The interest charged, if applicable;

99 (7) The limit of the mortgage lender's share of appreciation or equity
100 in the dwelling or residential real estate that is the subject of the
101 proposed shared appreciation agreement;

102 (8) An advisory that the prospective borrower consult such
103 borrower's tax advisor on the potential tax implications of the proposed
104 shared appreciation agreement;

105 (9) Repayment examples for the proposed shared appreciation
106 agreement based upon, at minimum:

107 (A) Settlement of such proposed agreement after five years, ten years,
108 fifteen years and thirty years, in each case up to the maximum term of
109 such proposed agreement; and

110 (B) (i) No change in the market value of the dwelling or residential
111 real estate that is the subject of such proposed agreement, and (ii)
112 changes in the market value of the dwelling or residential real estate that
113 is the subject of such proposed agreement (I) at the rate of ten per cent
114 total depreciation over the term of such proposed agreement, (II) at the
115 annual rate of three and one-half per cent appreciation, (III) at the
116 annual rate of five and one-half per cent appreciation, and (IV) reflecting
117 the actual average rate of appreciation or depreciation for all dwellings
118 or residential real estate in this state during the period that is equal to
119 the term of such proposed agreement and that occurred immediately
120 prior to such term, based upon the most recent quarterly data published
121 by the Federal Reserve Bank of St. Louis; and

122 (10) The following information and corresponding calculations for
123 the proposed shared appreciation agreement, if applicable:

124 (A) The calculated appreciation amount;

125 (B) The appreciation-based charge;

126 (C) The accrued or charged interest;

127 (D) The principal amount to be repaid;

128 (E) The mortgage lender's total calculated share of appreciation or
129 equity;

130 (F) Any limit to the mortgage lender's share of appreciation or equity;
131 and

132 (G) For each of the repayment scenarios specified in subdivision (9)
133 of this section:

134 (i) The actual amount of money to be paid by the prospective
135 borrower to the mortgage lender, inclusive of any unconditional
136 administrative fees or reimbursement of protective advances that are
137 required to be paid at the time of the settlement of such proposed
138 agreement; and

139 (ii) The total cost to the prospective borrower expressed as an annual
140 percentage rate, to allow the prospective borrower to compare, under
141 each such repayment scenario, the cost at the time of the settlement of
142 such proposed agreement with the cost of a traditional mortgage loan."